

Geopolitics of Energy®

Volume 41, Issue 3
March 2019
ISSN: 0273-1371

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This edition is focussed on the article from Dr. Kochanek on the geopolitical battle going on between Russia and China for resources and relationships in central Asia. The US is also an active influencer in the region as it too recognizes the potential opportunities. This article shows that opportunities remain in flux and diplomatic and investment initiatives continue to dominate the development of this region.

Geopolitics of Energy was founded by the late Melvin A. Conant of Washington, DC in 1979. Since 1993, it has been published under the auspices of the Canadian Energy Research Institute. All views expressed in this journal are those of the individual authors and do not reflect the views of the Canadian Energy Research Institute.

A Multi-Superpower Contemporary Great Game for Influence in Central Asia

Ewelina Kochanek

Central Asia is one of the most important regions of the world in the 21st century. Until recently, it was associated with backwardness, poverty and dangers, mainly Islamic radicalism, while the region's role as a strategic trading partner was ignored. The last twenty-five years have been a period of significant changes in Central Asia. After the collapse of the Soviet Union, the geopolitical picture in this region of the world has changed, as five independent (to a large extent only by name) republics have been created. Unfortunately, from the very beginning of their existence, these countries faced many problems, mainly of a political, military and social nature, which had a significant impact on the pace of their development. However, it is difficult to speak of the region in a political sense because, despite their geographical location, these countries are not united by common interests.

For several years now, the region has aroused great interest among the most important political players in the modern world. On one side, there is China bordering the region – on the other side, Russia. Moreover, the United States has also joined the rivalry. The vital interests of both Russia, China and the US in Central Asia are concentrated around three areas. Firstly, the Central Asian republics are located at the crossroads of trade routes from East to West. In addition, the markets of Central Asian countries are very attractive to foreign investors, of course as the economic liberalization process continues. Secondly, they are a protective barrier especially for Russia against Islamic fundamentalism spreading in the Middle East and until recently they have been a military base for American troops taking part in operations in Afghanistan. Thirdly, they have huge natural resources, mainly energy resources: crude oil and natural gas, but also uranium, coal, gold and silver. The global powers compete for control over the countries of the region and play a new game reminiscent of the 19th-century rivalry between the British Empire and Russia for influence in Asia.

According to geopolitical criteria, Central Asia is identified with the territories of five states, the former republics of the Soviet Union: Kazakhstan, Turkmenistan, Uzbekistan, Kyrgyzstan and Tajikistan. The term for the region was established in 1993, after the collapse of the USSR, during the meeting of the leaders of the Central Asian countries in the capital of Turkmenistan. It should not be forgotten that geographically and ethnically, depending on the category, the name of the region may have a wider meaning.

Figure 1: Map of Central Asia



Source: <https://www.pakistankakhudhafiz.com/natural-resources-central-asia-politics-major-powers/>, accessed 26.02.2019.

China's current relations with Central Asia are defined by geographical, political, economic, military and security factors. Geographically, the Middle Kingdom is adjacent to a region where China opens its way to the sea, while central Asian countries are the gateway for China to do business with Europe and Western Asia. Politically, the two actors have intricate historical ties. The area of Central Asia and Western China used to be a single territory in the eighteenth century, then in the nineteenth century it was divided between Russia and China, and over time it became a component of both powers. Over the last century, Turkmenistan was the area of Soviet-Chinese rivalry, in which Russia showed strong aggression.¹ Deepening divergences led to an armed border conflict on the Ussuri River in March 1968. As a result, the Chinese refocused their foreign policy and established relations with the USA. The break-up contributed to a re-evaluation of the political doctrine of the People's Republic of China. China-Soviet reconciliation took place in the early 1990s because of the Moscow Agreement signed on 16 May 1991, which regulated territorial disputes in the Amur area.

At present, due to the 3,300 km long shared border and historical links, the political basis for bilateral cooperation between China and the region is narrowed down to four aspects:

- Good neighbourly relations;
- Cooperation based on mutual benefit and shared prosperity;
- Ensuring independence, sovereignty and promoting stability in the region; and
- Respecting the choices of the peoples of the countries of the region and not interfering in their internal affairs.²

From an economic point of view, China's relations with the Central Asian region are the result of rapid economic growth in China. The countries of the region see cooperation with China as an opportunity to strengthen their own sovereignty and achieve economic stability. Intensive economic contacts with China started only recently, i.e., in 2006. Only then did China decide to enter the Central Asian energy market. China's economic presence in the region is steadily growing year on year. One of the most important reasons why the Chinese are striving to develop cooperation with Central Asian countries is the acquisition of Central Asian energy resources. The changing structure of energy carriers in China caused by the elimination of coal from the energy mix due to the huge pollution of the natural environment and the growing demand for oil and gas forces the acquisition of new energy sources. Moreover, economic cooperation is of great importance for Xinjiang, as about 80% of exports from this province go to the countries of the region. The third reason for establishing economic cooperation is the desire to create an export channel for Chinese goods to the West and the Middle East. It is worth stressing that the level of cooperation between China and Central Asian countries in the economic sphere is diversified. This state of engagement depends on several factors. First, it depends on the abundance of energy carriers, internal stability of a given country, its policy and attitude towards cooperation with the PRC.³

Economic cooperation from a Chinese perspective, using appropriate economic tools, is supposed to influence the economic development of the region. On the other hand, building economic ties between the Central Asian region and Chinese Xinjiang translates into stabilization in this western Chinese province (exports from Xinjiang to the region amount to about 70%).⁴ As a result, China's economic relations with Central Asia focus on four main objectives:

- the continued development of trade relations due to their fundamental importance for Xinjiang;
- cooperation in the energy sector;
- cooperation in the One Belt, One Road project; and
- construction and promotion of economic institutions parallel to western countries.

An analysis of China's relations with the countries of the region shows that the amount of energy potential translates into the degree of involvement of Chinese companies in the energy sector of these countries. Hence, the most important trade partner of Kazakhstan is China, with a 12% share in total exports and a 17% share in imports.⁵ Kazakhstan borders with China to the east, has convenient infrastructural connections, a stable political situation and good prospects for development. Since 2005, i.e., since the purchase of shares in PetroKazakhstan by the largest energy Chinese state-owned company China National Petroleum Corporation (CNPC), the Chinese presence in the energy

sector of Kazakhstan has been expanding (mainly due to investments made by the state-owned CNPC). Kazakhs are afraid of the spread of Chinese capital and are reluctant towards investment by large energy concerns in the domestic energy sector. Therefore, Chinese energy giants act behind the backs of little-known companies, which do not unambiguously associate themselves with Chinese capital. A significant factor that gives Chinese business an advantage in the fight for Kazakhstan's energy resources is the multi-billion credit line granted during the peak of the world economic crisis.⁶

Kazakhstan's importance for China was also determined by the Kazakhstan-China oil pipeline, commissioned in 2006 and extended in the following years. This pipeline is the only, apart from the Russian ones, onshore oil transport route to China. The maximum load on the pipeline is 20 million tonnes per year, which, unfortunately, is a fraction of China's oil demand.⁷

Turkmenistan is another important trading partner for China in the region. Turkmenistan is of great interest to the world's largest superpowers due to its energy resources, of which 17.5 trillion m³ is natural gas, representing 9.4% of the world's proven reserves. The cooperation of both countries is based on the supply of energy resources, mainly natural gas. China's presence in Turkmenistan's energy sector began in 2009 with the construction of the Central Asia-China gas pipeline, which can currently transport 55 billion m³ of gas. The investment was fully financed by the China Development Bank. China is currently the main creditor of Turkmenistan (US\$9 billion). Repayment of Chinese loans is made in raw material equivalent, which means that payment for gas flowing to China is counted towards Turkmenistan's debts to the PRC, so Turkmenistan, after a drop in gas prices, is forced to send more of this raw material. This means that Turkmen resources will continue to be exploited, with a significantly reduced inflow of foreign currency.

Chinese infrastructure investments in Turkmenistan have contributed to the downgrading of Russia, which for years has been a monopolist in transporting blue fuel to countries in the region or Europe. Moscow took advantage of Turkmenistan's lack of gas connections with other countries and bought the Turkmen raw material very cheap, and then sold it to its customers for a large profit. Turkmenistan's recent energy policy contains a series of mistakes that have led, on the one hand, to lack of dependence on Russia and, on the other hand, have contributed to the country's harmful dependence on China. As a result, China is the only consumer of Turkmen gas. The collapse in world crude oil and gas prices in 2014 resulted in a drastic reduction in foreign currency inflows to Turkmenistan, causing a currency crisis in Turkmenistan. This crisis caused the biggest social and political crisis (impasse) in the history of the country, undermining the stability of the regime. The deepening crisis may put China before the decision to stabilize Turkmenistan economically, thus violating the unwritten agreement between Russia and China on the division of influence in the region. Moscow can, therefore, use the situation in Turkmenistan to rebuild its influence in that republic, by including Turkmenistan in regional political and economic groups, in exchange for military assistance to stabilize the situation and the resumption of gas cooperation.⁸

Uzbekistan, along with Kazakhstan, has become one of the most important countries in Central Asia. Its geographical location means that it borders with all the countries of the region. Moreover, it is the largest Central Asian country in terms of population (31 million). Uzbekistan is rich in mineral resources with more than a hundred different types of minerals. The country ranks fourth in the world in terms of the size of gold-bearing resources. Moreover, it has huge natural gas resources.⁹ The most important product in economic terms is natural gas. Significant deposits of this raw material, in the amount of 1.8 trillion m³, make Uzbekistan the third largest producer of this energy carrier after Russia and Turkmenistan.¹⁰ A few years ago, a radical change in the Uzbek policy was observed - its focus on the active development of relations with China. The reason for this reorientation was the poor financial situation of the state. As a result of the concluded agreements, Uzbekistan obtained loans from Chinese banks in the amount of \$1.5 billion, which allowed them to improve the economic condition of the state. It was also made easier for Chinese entrepreneurs to enter the Uzbek energy market (infrastructure and mining industry).¹¹ Since 2012, Uzbek gas has been regularly supplied to China via a pipeline connected to the Central Asia-China pipeline. China is currently Uzbekistan's second largest trading partner and the main source of direct investment.

The other two countries of the region, Kyrgyzstan and Tajikistan, are of much lesser economic importance to China. Over the past few years, these countries have also entered into economic cooperation with China. Until recently, Kyrgyzstan has played the role of a hub for trade in Chinese goods in the region. However, with the development of infrastructure between Kazakhstan and China and the barriers associated with the creation of the Customs Union, its role has been weakened. In Kyrgyzstan, the Chinese mark their presence in the refining industry by building two small refineries, Karabalta and Tokmok. They make it possible to limit imports of petroleum products from Russia, thereby increasing Kyrgyzstan's economic and political independence. New refining facilities may also process raw materials extracted in Afghanistan by CNPC, which can be re-exported as a finished product.¹²

China's cooperation in the energy sphere with Tajikistan, the poorest country in post-Soviet Asia, was also initiated a few years ago. One of the manifestations of this cooperation was the sale in 2012 by Kulob Petroleum Ltd. of a part of its shares (33.3%) to CNPC in the Bokhtar field. Another dimension of Chinese development aid to the Tajik oil sector is the construction of the country's first refinery in the city of Dangara in the southern part of the country.¹³ The activity of Chinese entrepreneurs is also noticeable in other sub-sectors of Tajikistan's energy sector. China is participating in improving the local coal sector by building a coal-fired CHP plant in Dushanbe. The project will be carried out under a BOT (build-operate-transfer) agreement, which means that after the power plant has been built, for the next 12 years, the revenues associated with its operation will go to Chinese investors. After this time Tajikistan will acquire ownership of the facility.

The Tajik authorities are forced, like other countries in the region, to take out low-interest loans from Chinese banks to search for and extract minerals that will help them to improve the financial condition of the state. Thus, they are becoming more and more economically dependent on China (Tajikistan's foreign debt amounts to as much as US\$950 million, or 43% of the total debt to foreign creditors).¹⁴ The Chinese, on the other hand, thanks to preferential loans granted to Tajikistan and other Central Asian countries, are building their position in the energy market, at the same time taking control over key sectors.

Another field of cooperation between China and the central Asian republics is the issue of security. China and Central Asia share a common border and therefore have mutual interests in coordinating and maintaining stability in the region. The turbulent history of Central Asia has left its mark on many levels of security. The problems intensified after the collapse of the USSR and gaining independence by the five republics of the region. Moreover, the war in Afghanistan, which lasted almost 20 years, put enormous pressure on the stability of the region. Relations between some countries or areas remain complicated, hence the civil war in Tajikistan in the early 1990s and political and ethnic riots in Kyrgyzstan in 2005 and 2010 (Central Asia is home to more than 100 ethnic groups). For this reason, the internal political situation makes it difficult for the republics to achieve stability. International crime, mainly drug and arms smuggling, is another problem in the region that affects the region's internal situation. In addition, the extreme religious organisations, two of which are best known – the Islamic Movement of Uzbekistan and the Hizb ut-Tahrir (trying to establish a caliphate stretching from Mongolia to the Caspian coast, interestingly including the lands of the Xinjiang Autonomous Region) operating in the Ferghana Valley – have a significant impact on the border areas of neighbouring countries and have resulted in numerous acts of terror destroying stability in the region.

China's involvement in Central Asian issues is based on internal security in the autonomous Xinjiang region. It borders Russia, Kazakhstan and Kyrgyzstan, Mongolia, Afghanistan, Pakistan and India. Nature has generously endowed this area with deposits of natural resources, but it is torn apart by separatism, as it is inhabited by the Uighurs, who profess Islam. They are rebellious against the Chinese authorities. The links between the separatist movement and Islamic fundamentalists, terrorists as well as arms and drug traffickers have meant that the problem of the Uighurs affects not only China but also countries in the Central Asian region. The situation in the area, resulting from the political, economic and social instability of the countries in the area, and the neighbourhood of Afghanistan as a refuge for radical Uyghur organizations, is a cause for concern for Chinese authorities. In order to strengthen the region, the economic support necessary to weaken the

position of the Uyghurs was provided and an organization called the Shanghai Five was established in 1996. The group included Russia, China and three Asian republics – Kazakhstan, Kyrgyzstan and Tajikistan; Uzbekistan joined the group later. In 2002, the Shanghai Five was transformed into the Shanghai Cooperation Organisation. Its aim is to strengthen regional security in Central Asia through multifaceted Russian-Chinese cooperation. China and Russia have different visions of their role in the organization but are united by their opposition to US military engagement in the region.

Recently, China has expanded its presence in the Central Asian region to include a common ground of security through the establishment of a military post in southeast Tajikistan. The base is located at the strategic intersection of routes leading from eastern Afghanistan and western China (Chinese project of the New Silk Road). The decision to establish a base in Tajikistan is dictated by the fear of an influx of Islamic radicals and drugs to the western part of the Middle Kingdom. Therefore, the main task of Chinese units stationed in this military post is to stop the illegal movement of people between Afghanistan and Xinjiang. The location of the base may also suggest an unofficial form of settling Tajikistan's debt to the People's Republic of China and constitute the beginning of a new territorial division to the benefit of China.¹⁵

Russian Influence in the Region

Central Asia is linked to Russia's long and turbulent history dating back to the 16th century. Russia began to conquer Central Asia in the mid-19th century, and over several decades Russia's territory covered the Caspian Sea area from the south as far as China, and from Siberia to India and Iran.¹⁶ The Russian and later Soviet occupation lasted until 1991 and left its mark on today's Central Asian republics. The current shape of the region's borders was established by Stalin, who wanted to prevent the uprising of the followers of Islam living in these lands. Stalin's plan was to divide the borders so that in each country there would be large ethnic minorities, unequal distribution of natural resources, as well as the allocation of historical regions to other republics. This was supposed to create conflicts between nations and distract their attention from the doctrine of Pan-Islamism (actions of Muslims against Western influences).

A significant moment in the history of Central Asia was the collapse of the Soviet Union, and the political, economic and social problems inherited from the USSR only intensified. The independence of the former trade union republics was a blow to Russia, which is why an attempt was made to rebuild the superpower by creating the Commonwealth of Independent States in 1991. The countries that joined the organization are treated by Russia as a partner on many levels.

Russia's willingness to maintain a dominant position in the region is due to several important aspects. Firstly, central Asian countries are creating a kind of barrier against potential sources of threats: terrorism, the drug business or extremism, which are spreading in Afghanistan and other Middle Eastern countries. Russia is threatening with the potential actions of Islamic terrorist organizations to destabilize the region. Its aim is to maintain the sense of insecurity in the region and to strengthen states' conviction that after the withdrawal of the coalition's troops from Afghanistan, only Russia can ensure security in Central Asia. Using such arguments, Russia justifies increasing its own military presence in the region.

The second argument for maintaining Russian power in the region is minerals: gold, uranium, copper, crude oil and natural gas. Russia buys them very cheap and resells them for a large profit in Europe. Until recently, this was one of the sources of its income, thus making the countries of the region dependent on the Russian transmission infrastructure. In the era of depleting energy resources, Central Asia is becoming an important potential source of its acquisition. Moreover, due to the region's difficult economic situation, the population, especially poor Tajikistan and Kyrgyzstan, form a cheap labour force in Russia.

Russia's policy toward Central Asian countries is not uniform. It is bilateral and not regional in nature, according to which the specificity of individual states (totalitarian Turkmenistan or democratic Kyrgyzstan) requires different approaches to them. The most important area of Russian policy in the region is the economic sphere, mainly the energy sector. For many years

Russia has used the dependence of Central Asian exporters on its transmission infrastructure, which was the only way to export Central Asian raw materials to external markets. Russia's control over the main routes has allowed it to dictate the conditions for trade in gas and crude oil in the region. Producers were forced to sell their raw materials at low prices, which Russia then sold to customers in Europe at a much higher price. Periodically, emerging price disputes in trade relations with Russia made regional producers search for alternative markets for their raw materials and diversification of export routes for gas and crude oil. These measures have reduced their dependence on Russia to varying degrees.¹⁷

Kazakhstan is one of the most important trade partners for Russia as well as for China. However, the most important area of interest for the Russian authorities is the energy sector, due to the largest crude oil reserves and large natural gas reserves in the Caspian region. Currently, crude oil from Kazakhstan is mainly transported via Russian pipelines. One of the most important is the Atyrau-Samara connection, from which Kazakh crude oil is transported to Russian oil ports in Primorsk, Ust-Luga and Novorossiysk. There, it is trans-shipped on tankers and shipped by sea to end users in Northern and Western Europe. The same crude oil also reaches the Druzhba pipeline and thus reaches, among others, Gdańsk, and through its southern branch to the Czech Republic, Slovakia and Hungary.

For several years now, Kazakhstan has been diversifying its suppliers in small steps. In 2005, it joined the Baku-Tbilisi-Ceyhan oil pipeline, bypassing Russia, and in 2009, a pipeline connecting Kazakhstan with China was built. However, the pipeline built by the Caspian Pipeline Consortium (CPC) to transport crude oil from Kazakhstan's Tengiz oil fields to Russia's Black Sea port of Novorossiysk continues to play an important role in maintaining Russia's dominant position on the energy market in Kazakhstan. It is the only private land line in Russia and Kazakhstan not managed by the Russian state monopolist Transneft. The project's shareholders include Russian Transneft (31%), Kazakh KazMunaiGaz (19%), American Chevron (15%) and Russian Lukoil (12.5%). Europe will continue to be the most important destination for Kazakh oil exports, and the Tengiz-Novorossiysk oil pipeline running through Russian territory – the main transit route in the next few years.

The second important area of interest for the superpower is the Kazakhstan natural gas sub-sector. Since 2001, Kazakhstan has been a transit country for the Uzbek and, until recently, for Turkmen gas transported via the Central Asia-Centre pipeline. All branches of this system connect in the western part of Kazakhstan; from there they run north and then connect with the Russian gas system.

Uzbekistan is also very important for Russia. Its value for Russia, similarly to China, is mainly due to its geographical location (bordering all countries of the region) and population (officially 31 million) and, most importantly, the amount of energy resources located in its territory.

The largest Russian energy consortia involved in Uzbekistan have invested very little in mining projects for years, focusing only on the purchase of minerals and their transit. This led to a decline in production and forced the Uzbeks to open up to Western and Chinese investors, who will put their money to explore and exploit new deposits. The largest Russian investor on the Uzbek oil market is Lukoil, and its serious competitor is the Chinese company CNPC.

Uzbekistan is pursuing a policy of diversification of its blue fuel suppliers to Russia's dissatisfaction. In addition to the post-Soviet pipelines which, until recently, were basically used to transport Turkmen gas to Russia (Central Asia-Centre pipeline and the Bukhara-Urals pipeline, by which Turkmen raw material is transported to Uzbekistan and Kazakhstan), new natural gas transport routes have emerged which cross Uzbekistan's territory. These include the Tashkent-Bishkek-Almaty regional gas pipeline from eastern Uzbekistan, through the northern regions of Kyrgyzstan and Tajikistan to southern Kazakhstan, which allows the supply to resource-free central Asian areas, and the most important new pipeline, launched in 2012, which enables the transmission of natural gas to China via the Central Asia-China gas pipeline.

The importance of Uzbekistan is growing together with the concerns common to both countries (Russia and Uzbekistan) about the stability of the region, which is influenced by tensions in individual

republics, the development of the conflict in Afghanistan and the consequences of China's economic expansion. Moscow is therefore forced to redefine its policy on Uzbeks and create an individual offer of assistance to the country in order to rebuild closer ties with Tashkent.

Turkmenistan stands out from the rest of the region. The country's strength lies mainly in its energy resources, especially natural gas (17.5 trillion m³). Turkmenistan's foreign policy is directed, much to Russia's dissatisfaction, towards diversification of gas consumers. For many years Turkmenistan was needed by Russia to meet its gas obligations towards Western European customers, and the only way to transport Turkmen gas was through the outdated Soviet Central Asia-Centre (CAC) transmission line. In 2016, Russia stopped purchasing Turkmen gas and at the same time increased gas imports from neighbouring Uzbekistan by three times.

Kyrgyzstan and Tajikistan are the poorest countries in Central Asia and at the same time the most vulnerable to Russian influence. From Russia's point of view, Tajikistan occupies a strategic position in Central Asia. It borders with unstable Afghanistan, growing China, Uzbekistan and Kyrgyzstan. It is a security barrier against Islamists from the south. Tajikistan has faced serious problems since the beginning of its foundation: social problems, a weak economy, an authoritarian political system and backwardness of civilization. The country's economic development depends to a large extent on trade links with Russia – investments, supplies of energy resources and revenues from Tajik labour migrants working in Russia. The existence of close ties with Russia is also evidenced by the long process of introducing its own currency, which is independent of Russia. Tajikistan was the last republic of the former Soviet Union to introduce its own currency. Until the end of 2000, Tajikistan had the Russian ruble, and in later years the currency associated with it.¹⁸

The Russians have an established position on the Tajik energy market. The country is heavily dependent on Russian supplies of crude oil and its products. Tajikistan uses its own production to satisfy only 2% of its domestic demand for petroleum products. Dependence on Russian oil and its products was exacerbated by Tajikistan's exemption from Russian customs duties on these raw materials in 1995-2010. The price tariff applied by Russia is one of the tools which attracts poor countries in the region to join the Eurasian Economic Union and, at the same time, a means of exerting pressure to achieve the intended objectives.¹⁹ Due to the lack of energy resources, hydroelectricity is the only serious source that can make up for future electricity shortages. Tajikistan's important national objectives include the construction of the Rogun dam and power plant, but it is difficult to complete this investment because of costs of up to US\$2.2 billion. Despite earlier assurances of support, Russia has repeatedly withdrawn from participation in the completion of the construction of the Rogun power plant on the Vakhsh river. Huge hopes were placed in the World Bank, which in 2010 tried to resolve the dispute around the Rogun dam. However, the United States has blocked funding for major hydropower projects, which is why the World Bank will not finance this Tajik investment. It is therefore in the Russian interest to prevent Tajikistan's development and, at the same time, to exclude China from the Tajik economic sector. On the other hand, Russia must take care of Tajikistan so that the state does not break up.

The second poorest country in the Central Asian region is Kyrgyzstan. Despite the creation of the Kyrgyz Republic in 1991, Kyrgyzstan still has close ties with Russia, especially in the economic sphere. Close cooperation gives Kyrgyzstan security guarantees, economic preferences (e.g., debt relief) and a chance to lift the economy thanks to Russian investments. The pro-Russian policy also results from the strong influence of Russian culture and language, the republic is one of the most Russified countries in Central Asia. Kyrgyzstan has small oil and gas deposits, which is why Russia has been the main supplier of these raw materials for many years. Taking advantage of Kyrgyzstan's dependence, the Russians are unscrupulously taking over domestic energy assets. In 2014, Gazprom took over the state-owned company Kyrgyzgaz for a symbolic dollar, which could not cope with securing gas supplies from Uzbekistan.²⁰

Another manifestation of Russian activity in Kyrgyzstan is the purchase by Rosneft, a Russian concern, of two Kyrgyz companies involved in fuel distribution (100% of shares in Bishkekская Нефтяная Компания and 50% of shares in INTEK). The finalization of Rosneft's purchase makes it

possible to control much of the Kyrgyz fuel distribution market by Russian companies (Gazprom Neft' Asia or Lukoil), which, by importing Russian fuels, affect the low profitability of the Chinese refinery in Karabalta, which can satisfy half of Kyrgyz demand for petroleum products (approximately 600,000 tonnes).

As in Tajikistan, Russians are present in the Kyrgyz hydroelectricity sector. Kyrgyzstan has no fossil minerals to fuel its economy, and water is the only natural resource. However, for Kyrgyzstan to fully exploit its potential for electricity generation, it is necessary to build appropriate river dams. They would increase energy security and give Kyrgyzstan a stronger position in its relations with the richer countries of the region, which are dependent on water flowing firstly through Kyrgyzstan and Tajikistan down to Uzbekistan, Turkmenistan and Kazakhstan. To this end, both countries signed an agreement on the construction and operation of four hydroelectric power plants on the Naryn River. Unfortunately, the economic crisis in Russia as a result of the western economic sanctions imposed on it resulted in the suspension of this investment for an unspecified period.²¹

Central Asia's Relations with the US

The last player in the region is the United States. For several years they have been competing with Russia and China for influence in Central Asia, but the balance of their thirteen years of military and political presence is moderately positive. They have partially achieved the assumed goal, which was to obtain logistical support for the mission in Afghanistan. Unfortunately, it was not possible to change the authoritarian political system into a democratic one, to make countries permanently independent of Russian influence and, finally, to extend energy cooperation. Certainly, the view on the peripherality of Central Asian countries has been questioned. On the contrary, it has been pointed out as a relatively attractive area for investors. An indirect consequence of the US involvement in the region was the strengthening of China's position in the region, thanks to the abolition of the Russian monopoly on many levels.²²

The role of Central Asia is growing, as evidenced by Kazakhstan's accession to the UN Security Council as a non-permanent member since 2016. The geopolitical position of the region makes it an important partner of the US in the fight against terrorism, both internally and internationally. To this end, a summit of five Central Asian republics with the United States (C5+1) was held in 2015, the main message of which was the denial of terrorism and opposition to the radicalisation of attitudes towards violence in the region. In addition, the meeting raised the issue of the loss of dividends by the countries of the region from the sale of energy resources as a result of the collapse in oil prices. The solution to these problems will be diversification of energy carriers, with a focus on renewable energy. One of the projects announced at the Washington Summit concerns business competitiveness in Central Asia and aims to make it easier to do business in the region by increasing exports and simpler rules for entering the market. Another project concerns the development of a transport corridor in order to reduce the costs and time of transport across the region's borders.²³

Despite China's huge involvement in the Central Asian and Russian economic sectors in the military sector, there are reasons why the United States can be more successful than the other two superpowers. Firstly, the powerful financial and technological resources made available by the US and the willingness of the countries of the region to accept them. Close cooperation could bring economic benefits to both sides, as the flow of US investment would significantly accelerate the development of the countries of the region and US companies would gain access to a huge new market. Secondly, the political and military power of this superpower, which can be used at the right time to sabotage its rivals (the US navy threatens China's trading routes leading through the South China Sea). Since 6 July 2018, there has been a trade war, which the United States has declared on China. Problems that have been growing for several years (China's surplus in trade with the US, restrictions on access to the Chinese market and theft or forced transfers of technology from American companies) in economic relations between the superpowers have resulted in President Donald Trump's strategy of putting pressure on Beijing. The United States has so far been unable to cope with the growing economic dominance of the Middle Kingdom and the application of customs duties on imported Chinese products is aimed at slowing down China's development. However, it has been forgotten that the side effect will be a worsening of the competitiveness of the American economy.²⁴ Moreover, the escalation of the trade war threatens global economic growth.

Central Asian countries have been struggling for several years to create profitable economies. Infrastructure inherited from Soviet times and to a large extent depleted has contributed to the economic slowdown in the region, but this development is not evenly distributed. In order to emerge from the economic collapse, the countries of the region need huge investments. One such initiative is an investment project promoted by China called one belt and one road (OBOR). In other words, it is a concept of the New Silk Road consisting of land and sea routes. Rail transport forms the basis of the initiative (construction of new or modernization of existing railway lines), maritime transport (creation or modernization of port infrastructure) and, in the long run, road transport. The main objective of the OBOR programme is to promote the development and economic growth of the central and western provinces of China by promoting the export of goods and labour. In political terms, the programme will allow for the development of political and economic influence in Europe, Central Asia and Southeast Asia. By participating in the project, Chinese companies will gain greater global engagement. Central Asia plays an important role in this project, as the main railway routes to connect Asia and Europe, the most important trading partner of the Middle East, cross the territory of Kazakhstan and Tajikistan. The concept assumes the construction or modernization of transport infrastructure – roads, railways, land and sea ports, airports and the creation of telecommunications and transmission pipelines for natural gas and crude oil. It should be emphasized that the idea of the route is an open project without any time or geographical limitations. The refusal of any country to participate in the OBOR project does not pose a serious problem for its creators, as the plan is very flexible, which allows China to change the route variant and ensure continuity in its work.

Figure 2: One Belt One Road Project Outline



Source: economist.com

In addition to infrastructure development in Central Asia, the investments in the New Silk Road project will allow the region to start global trade with Western Europe, Southern and Eastern Asia and beyond. In addition, great hopes are placed on the region's economic integration. Investment in the infrastructure of the Central Asian republics will also make it possible to even out the huge economic disparities between the states as well as the Autonomous Xinjiang with the rest of China.

Another initiative aimed at regional economic integration of central Asian countries is the Eurasian Economic Union (EEU) promoted by Russia. Founded by Russia in 2015, it brings together

the post-Soviet states: Belarus, Kazakhstan, Kyrgyzstan and Armenia. It is modelled on the European Union. The founding agreement provides for an increase in the free flow of goods, services, capital and labour. There are also plans to create a common market for oil and natural gas, electricity and services, but these issues are the most controversial and have therefore been postponed until 2025 and 2019 in the case of electricity. The reluctance of Member States to integrate strategic sectors of the economy results from the fear of Russia taking control over the most important industries. Eurasian institutions are being built in a hurry, and in a few years, there are plans to achieve a result for which the European Union has worked for several decades. Thinking in political terms outstrips the economic rationality of the organization. Moreover, the lack of liberal political and economic thought hinders the occurrence of positive effects of integration and the shape and fast pace of the created structures are determined by the interests of authoritarian governments.²⁵

Despite the region's active involvement in the Chinese BRI initiative and the Russian EEU, the economic situation of Central Asian countries has not improved significantly. The dependence of the republics on Russian exports has had negative economic effects in the region, including a sharp depreciation of the currency of Kazakhstan, which has been influenced by the weak Russian currency and economy. Unfortunately, the high indebtedness of the poorest countries of Central Asia – Kyrgyzstan and Tajikistan – will continue to grow. Due to Russia's limited economic opportunities, China has become a significant partner in the region's economic development. However, in return for the granted loans, they demand that they are secured by operational control over various assets until the liability is repaid. In addition, the economic dominance of the Middle Kingdom in Central Asia exacerbates the discrepancies between the Central Asian elites and society. Economic cooperation with China creates huge financial opportunities for a corrupt, hermetic environment of ruling elites, while on the other hand, it arouses aversion and fear among ordinary people who are afraid of the demographic domination of the Chinese workforce in the region.

Conclusion Central Asia offers a range of economic opportunities for major superpowers, including access to and control of valuable natural resources, favourable economic conditions and efficient trade routes. Each of the three powers participating in this "Big Game" seeks to shape the region according to its own strategy. The existing division of roles between Russia and China in Central Asia appears to be satisfactory to both sides. Central Asia will always have close links with Russia and China. Russia is important for the region due to its numerous cultural and historical ties, while China has common historical ties and huge financial potential, which offers huge opportunities for economic development. The United States, on the other hand, can counterbalance the overwhelming presence of Russia and China in the region. The development of the situation in Central Asia will depend on the formation of relations between the three players, mainly on the Russia-China relationship, which is implied by Russia's relations with Europe and the US, as well as on China's relations with the US. The power that will win the Great Game in Central Asia will shape the future nature of global capitalism.

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Publication Date: April 5, 2019

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